

Financing College

Does the idea of going into debt for your education scare you? It should. The average debt for the class of 2012 was \$29,400, according to the Institute for College Access & Success.

Even so, getting some kind of degree or certification is vital. According to financial author Liz Weston, a college degree today is what a high school diploma was 60 years ago. "Meaning: the bare minimum for staying in the middle class," writes Weston.

You should be passionate about your education. But be dispassionate when narrowing down which school you'll attend. The average cost of tuition and fees (but not housing – more on that in a minute) for the 2013-14 school year was:

\$30,094 at private colleges.

\$8,893 for state residents at public colleges.

\$22,203 for non-residents at public universities.

Quite the price range, isn't it?

Sure, you'd love to be able to obtain a diploma from College A, a "name" school on the East Coast. But if your own state has College B, with a good reputation for your field of study, remember that you won't be paying nonresident tuition or having to fly back and forth.

Thinking locally

And if College B is less than an hour away? Get yourself a reliable used car and commute. That's a hassle, to be sure, and not as much fun as living on-campus. But dorms can add anywhere from \$9,500 to \$10,830 to your total bill each year, so it's worth the sacrifice. (Hint: Future You will be very glad that Current You didn't take out an extra \$40,000 in loans.)

When it comes to tuition, don't get hung up on the annual projected cost provided by your university of choice. Factor in grants, scholarships and any other resources, such as money you've saved or that a parent or grandparent has promised. This will reduce some of the sticker shock.

On that note: The college you choose will send you a financial aid letter. Be sure to read it very, very carefully. A Reuters article called "Don't Get Fooled by Financial Aid Letters" points out that colleges often mix gift aid (which doesn't need to be repaid) in with loans (which certainly do).

"I am still hearing from parents who think an award letter with a \$5,500 federal Stafford loan and a \$20,000 federal parent PLUS loan is a free ride," said one expert interviewed by Reuters.

Colleges may not include all expenses, e.g., listing only tuition and fees. They may "front-load" gift aid, i.e., give more the first year than in subsequent years. The total aid offered (including loans) might not cover a student's total expenses, but this can be hard to spot if all the expenses aren't included.

Such letters also won't include the costs of:

Getting your student there and back (airline tickets or the cost of the drive) several times a year.

Things your scholar needs to bring along, e.g., extra-long dorm bed sheets.

Incidentals that Mom and Dad usually provide, from cold medicine to new shoelaces.

Spending money – your son or daughter is going to want snacks, entertainment and the occasional bowl of pho with friends.

Trimming the tab

Research college scholarships, all the way through school. There's money out there, but you won't find it unless you look. For great sources, see "5 Ways to Score Scholarship Money."

While you can't count on getting money this way, you might luck out in a big way. As a broke divorcee in my late 40s, I went back to school to earn the degree I didn't get as a young woman. I made it my business to apply for every funding source I could find – and while many didn't come through, the ones I did get added up to four years of schooling without me paying a dime.

You should also work at least part time during your education. (I did.) Yes, it'll be hard sometimes. Get organized and get over it. An on-campus job would be ideal, especially if it's in your field of study. Think how this will look to future employers: You worked your way through college vs. sitting around expecting handouts. It also shows you're good at time management.

Or forget the job and work instead to graduate early. Go to college during the summer and/or take extra classes during the regular school year. Note: Some schools offer three-year bachelor's degree programs. The National Association of Independent Colleges and Universities maintains a list of at least some of these schools.

Another great way to reduce the cost of your education is to spend two years at a community college and then transfer. (Just be sure that all of your credits will transfer along with you; see the College Board's MatchMaker to find schools with such agreements.) Remember: The diploma will say that you "graduated from School of Choice," not "started at community college and finished at School of Choice."

[Get creative](#)

More tips for keeping costs down:

Earn pre-college credit. Take one or more College-Level Examination Program (CLEP) exams and start school with credits under your belt. The tests cost \$80 apiece, so don't do this unless you're pretty certain of your knowledge; you can take a sample test at the CLEP link. And if you're still in high school, take Advanced Placement (AP) courses and then pass AP exams for credit. There's an \$89 fee, but that's cheaper than paying for a college class

Live off-campus. Find some other responsible students and split a place. The emphasis is on "responsible." Don't room with folks who plan to turn your shared home into Party Central.

Go to a free college. Yep, they really do exist; see FinAid.org's "Colleges With Free Tuition" for a list. Note that generally only tuition is covered. You'll likely have to pay for room and board, and you might also be required to work. But again: free tuition!

Pay by the month. The potential to pay \$1,888 each month for nine months doesn't sound quite as scary as ponying up \$17,000 per year. Many colleges will let you pay in monthly installments (possibly by automatic debit), according to Zac Bissonette, author of "Debt-Free U." Sure, that's still some pretty major bucks. But grants/scholarships plus money from your part-time job plus whatever parents can kick in might add up to the monthly nut. Perhaps relatives who want to buy Christmas/birthday gifts could give cash toward the fund, too.

Apply to become a resident assistant. If accepted, you'll get free room and board and maybe some other perks, too. But you'll definitely earn it, e.g., you'll be on call all the time and sometimes you have to be the bad guy. "Should You Be an RA? The Perks and Pitfalls of Life as a Resident Assistant," on HerCampus.com, is a good reality check.

Work it off. Research college loan forgiveness programs such as the ones offered by the U.S. military and the National Health Services Corps. AmeriCorps has three programs that offer education awards and/or loan forbearance. Teach for America offers the potential for the same benefits (depending on program funding) plus the possibility of reduced-price master's degree programs.

Not all of these tactics will work for everyone, but you owe it to yourself to try as many as possible. Imagine graduating with that average \$29K of student loan debt (or, worse, with \$50K) and not being able to find a decently paid job right away. According to the Millennials Civic Health Index, only 6 in 10 U.S. citizens ages 18 to 29 are working right now – and half of them are working only part time.

Forget the "dream school" hype. Will your guidance counselor be there to help you pay off your student loans in 2018? Don't let your diploma be a millstone around your 20-something neck. Get smart, literally, by choosing an affordable education.

Financial Aid Shopping Sheet

(As of 3/11/13)

Student Information

*Student name/identifier; date issued (right side) →

*Individual student's cost of attendance →

Costs in the 2013-14 year	
Estimated Cost of Attendance	\$ X,XXX /Yr
Tuition and fees	\$ X,XXX
Housing and meals	X,XXX
Books and supplies	X,XXX
Transportation	X,XXX
Other educational costs	X,XXX

*The sum of each grant sub-category appears here; campus-based FSEOG and TEACH Grants would appear under "Grants from Your School." →

Grants and scholarships to pay for college	
Total Grants and Scholarships (not all required funds)	\$ X,XXX /Yr
Grants from your school	\$ X,XXX
Federal Pell Grant	X,XXX
Grants from your state	X,XXX
Other scholarship you can use	X,XXX

NET COST AFTER GRANTS →

Net Costs (Cost of attendance minus total grants and scholarships)	\$ X,XXX /Yr
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*Aid awarded by school but earned through work →

Work options Wages/Salary (Federal, state or institutional)	\$ X,XXX
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*School recommended Federal loan amounts; state and institutional loans appear below in the customized information box. →

Loan options*	
Federal Perkins Loans	\$ X,XXX
Federal Direct Subsidized Loan	X,XXX
Federal Direct Unsubsidized Loan	X,XXX
Recommended private, student loan. You may be eligible for a different amount. Contact your financial aid office.	

*Other funds that can be used to meet net costs; includes family contribution—FAFSA-calculated or institutional methodology →

Other options	
Family Contribution (As determined by the institution using information reported on the FAFSA and your institution)	\$ X,XXX /Yr
Payment plan offered by the institution	
• Parent PLUS Loan	
• Military and/or National Service benefits	
• Non-Federal private education loan	

*Space for institution to send custom message →

Customized information from UUS

Institutional Performance Metrics

(All data supplied by the Department)

← Student Right-to-Know graduation rate compared to the rates of similar institutions (Source: IPEDS)

← Most recent cohort default rate compared to the national rate. (Source: NSLDS)

← Median debt for undergraduate borrowers entering repayment (Source: NSLDS)

← Loan repayment calculator

← School contact details: for more information and next steps

NOTE: See the Financial Aid Shopping Sheet page on the Office of Postsecondary Education's Web page at: <http://www2.ed.gov/policy/highered/guid/aid-offer/index.html>. This Web page provides students, families and institutions with resources and background about the development and adoption of the Financial Aid Shopping Sheet. Institutions may contact ShoppingSheet@ed.gov to indicate their commitment to use the Shopping Sheet. Students, parents, and institutions may also direct questions about the Shopping Sheet to that e-mail address.

University of the United States (UUS)

Student Name, Identifier

Download

Costs in the 2014-15 year

Estimated Cost of Attendance

\$X,XXX / yr

Tuition and fees	\$	X,XXX
Housing and meals		X,XXX
Books and supplies		X,XXX
Transportation		X,XXX
Other education costs		X,XXX

Grants and scholarships to pay for college

Total Grants and Scholarships ("Gift" Aid; no repayment needed)

\$X,XXX / yr

Grants and scholarships from your school	\$	X,XXX
Federal Pell Grant		X,XXX
Grants from your state		X,XXX
Other scholarships you can use		X,XXX

What will you pay for college

Net Costs

(Cost of attendance minus total grants and scholarships)

\$X,XXX / yr

Options to pay net costs

Work options

Work-Study (Federal, state, or institutional)	\$	X,XXX
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Loan Options*

Federal Perkins Loan	\$	X,XXX
Federal Direct Subsidized Loan		X,XXX
Federal Direct Unsubsidized Loan		X,XXX

*Recommended amounts shown here. You may be eligible for a different amount. Contact your financial aid office.

Other options

Family Contribution

(As calculated by the institution using information reported on the FAFSA or to your institution.)

\$X,XXX / yr

- Payment plan offered by the institution
- Military and/or National Service benefits
- Parent or Graduate PLUS Loans
- Non-Federal private education loan

Graduation Rate

Percentage of full-time students who graduate within 6 years



XX.X%

Low Medium High



Loan Default Rate

Percentage of borrowers entering repayment and defaulting on their loan

X.X%

X.X%

This institution

National

Median Borrowing

Students who borrow at UUS typically take out \$X,XXX in Federal loans for their undergraduate study. The Federal loan payment over 10 years for this amount is approximately \$X,XXX per month. Your borrowing may be different.



Repaying your loans

To learn about loan repayment choices and work out your Federal Loan monthly payment, go to:

<http://studentaid.ed.gov/repay-loans/understand/plans>

For more information and next steps:

University of the United States (UUS) Financial Aid Office

123 Main Street
Anytown, ST 12345
Telephone: (123) 456-7890
E-mail: financialaid@uus.edu

Customized information from UUS

Glossary

Cost of Attendance (COA): The total amount (not including grants and scholarships) that it will cost you to go to school during the 2014–15 school year. COA includes tuition and fees; housing and meals; and allowances for books, supplies, transportation, loan fees, and dependent care. It also includes miscellaneous and personal expenses, such as an allowance for the rental or purchase of a personal computer; costs related to a disability; and reasonable costs for eligible study-abroad programs. For students attending less than half-time, the COA includes tuition and fees; an allowance for books, supplies, and transportation; and dependent care expenses.

Total Grants and Scholarships: Student aid funds that do not have to be repaid. Grants are often need-based, while scholarships are usually merit-based. Occasionally you might have to pay back part or all of a grant if, for example, you withdraw from school before finishing a semester.

Net Costs: An estimate of the actual costs that you or your family will need to pay during the 2014–15 school year to cover education expenses at a particular school. Net costs are determined by taking the institution's cost of attendance and subtracting your grants and scholarships.

Work-Study: A federal student aid program that provides part-time employment while you are enrolled in school to help pay your education expenses.

Loans: Borrowed money that must be repaid with interest. Loans from the federal government typically have a lower interest rate than loans from private lenders. Federal loans, listed from most advantageous to least advantageous, are called Federal Perkins Loans, Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans. You can find more information about federal loans at StudentAid.gov.

Family Contribution (also referred to as Expected Family Contribution): A number used by a school to calculate how much financial aid you are eligible to receive, if any. It's based on the financial information you provided in your Free Application for Federal Student Aid (FAFSA). It's not the amount of money your family will have to pay for college, nor is it the amount of federal student aid you will receive. The family contribution is reported to you on your Student Aid Report, also known as the SAR.

Graduation Rate: The percentage of students who graduate from an institution. This shows students who began their studies as first-time, full-time degree- or certificate-seeking students and completed their degree or certificate within 150 percent of "normal time." For example, for a four-year school, the graduation rate would be the percentage of students who completed that program within six years or less.

Loan Default Rate: The percentage of student borrowers – undergraduate and graduate – who have failed to repay their federal loans within three years of leaving a particular school. A low loan default rate could mean that the institution's students are earning enough income after leaving school to successfully repay their loans.

Median Borrowing: The amount in federal loans the typical undergraduate student takes out at a particular institution. It also indicates the monthly payments that an average student would pay on that amount using a 10-year repayment plan.

Customized information from UUS